

VIA AIR (SPECIFY AIR OR SEA POLICY)

DISPATCH NO. NW-4-3262

SECRET

TO : Chief, Foreign Division M

DATE: 6 September 1950

FROM : Chief of Station, Karlsruhe

SUBJECT: GENERAL— Operational

SPECIFIC— "STEIN"

We have, in the period from February to August 1950, received three basic communications from FIM on penetration of the DDR security organs: NWK-W-4107, NWK-W-4630, and NWK-W-5730. That we have not specifically acknowledged receipt before should not be considered to mean that nothing has happened. It is, of course, agreed upon that here is probably the OFFSPRING counter-intelligence target, but it should also be stated that OFFSPRING has, and admits it, a burning interest in all aspects of the DDR security services, claims that only Germans can logically and successfully penetrate Germans, and maintains that OFFSPRING has the proper Germans to do the task. To date, OFFSPRING has been supplying a useful, blanket, field coverage (albeit of 'extremely low level') of German para-military affairs, and performing thereby for itself the necessary basic mission of gathering the background and knowledge without which a thoroughly sound high level penetration cannot be mounted. OFFSPRING's targets now range all the way up the scale (to a vague 'contact' with General Vinzenz MUELLER), and we submit that in what follows they have hit a new high in a soundly initiated operation, a high level, long range penetration of the staff level of the DDR security forces with, at the moment, potentialities which cannot be defined. We have in this picture a beginning without flaps or incidents, clever handling by an astute intelligence officer (DELIUS, deputy chief of GVL, to whom radios) and direct communication to and guidance from headquarters (KLAUSNER.)

(The name: John BLUMENTHALER)

1. The well-coordinated recruiting of STEIN (and the attached report covers the initial approach, the persistent recruitment, and the departure of STEIN into the Sovsops) has revealed that a group of Wehrmacht and SS officers, operating from the DDR, have an excellent liaison service to and in the West for recruiting weapons specialists, with promises of careers and money, and with patriotic and nationalist appeals; getting officers living in the West to write their war stories; getting former officers to work in American messes, etc. for picking up intelligence. General Otto Ernst REMER, under his cover of Socialist Reichspartei, plays an important role in this liaison service. IRO functionaries are used in recruiting. And the KPD renders material assistance.

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MAR. 1949

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2. During the War, Major STEIN (so-called, because his father owns a quarry) was for a time adjutant to General KEMER, and the two have been in correspondence since the War. In one letter written in 1949, KEMER asked STEIN to write what goes on militarily in the Amrose, especially in the tanks field, and to give an estimate of the situation. STEIN, an enthusiastic tankist still, sat on a roadside during subsequent US Army maneuvers and early in June 1950, visiting KEMER at his home in Hannover, gave him a written report. On this visit, KEMER and STEIN agreed to maintain a closer personal contact, in the German interest, during this critical period. For this closer contact, and if a third party should contact STEIN, KEMER gave STEIN a totem (the scribbled, torn paper routine). During the course of the visit, KEMER also told STEIN about their mutual acquaintance, General von KEMER. (Horst Wittelkow von KEMER-VINIAM, now only 36, was a Major General in the War. Subsequently, he was an official, of ministerial rank, in the Ministry of Interior of Land Saxony. As of 1950, he is an official, of ministerial rank, in the Ministry of Interior of the DDR, and works in the Volkspolizei section.)

3. On 22 June 1950, just before noon, STEIN was visited at his home (in the Heilbronn area) by a young man on motorcycle, who gave STEIN the other half of the torn totem and an oral message: 'Flee immediately, something has happened, you are warned herewith. Secrecy is necessary. If you don't know where to go, go to KEMER.' The young man also handed over a map of the Russian border area, with the border crossing point marked. STEIN was surprised and upset and refused to go. (He discussed the incident with a friend, the father of a dead war buddy of his. This friend told him his own friend of many years standing, DELIUS, and from this initial point on OFFSPRING has followed the developments closely.)

4. On 25 June, STEIN was telephoned by his future father-in-law, who stated that his daughter had packed STEIN's suitcase, including wartime uniforms, and had left home on the evening of the 24th in a car with some of STEIN's wartime comrades. STEIN believed this tied in with the visit to him of the young motorcyclist on the 22nd, so he sent KEMER a telegram, calculated to make KEMER react. STEIN himself went to Bavaria to look for his fiancée, in vain, and returned home to hear that she in turn had telephoned and expected to see him in Stuttgart on the 28th. On that day in Stuttgart STEIN ran across a former 1st Lt ADAM of the Grossdeutschland Division, who told him he was now a military instructor in Magdeburg, and also spotted a former battalion commander whom he knew (name forgotten) who told him he was now a Volkspolizei officer.

5. Receiving a return telegram from KEMER, STEIN went to Mannheim on 30 June. KEMER now tried to distance himself from STEIN, disclaiming having given STEIN a totem, disclaiming any part in the recent visit urging him and his fiancée to flee, and claiming that STEIN's US report was uninteresting to him since he, KEMER, was now not mixed up in such goings on but was a politician.

6. On 12 July STEIN received a letter (dated 10 July) from a 'MUNSTER', stating inter alia, 'Heard you came through the war OK, will be in your vicinity

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soon and would like to see you again, suggest we meet in Stuttgart in the Schlossgarten Restaurant, 0030, on Saturday, 15 July. Since STEIN knew many MULLERS, and since he thought this might also be connected with the INGER business, he reported via his friend to DELIUS. (DELIUS laid on GVL surveillance of the scene for the 15th.) Near the rendezvous point, STEIN was hailed by a former wartime friend, whom everyone knew only as Rene (Rene had a Russian father who had been a Guards colonel, a French mother; he studied art history in Berlin; during the war he was a Sonderführer, in the Grossdeutschland Division, division scrounger and 'maitre de plaisir'.) Rene introduced STEIN to the lady with him, addressed as Baroness but not identified by name. The three moved into a crowded street, the Baroness disappeared, and the Baroness reappeared later with another man who introduced himself as LATTEWITZ. (Later, it was proven that this man is Alexander Robert von LATTEWITZ, born in St Petersburg, educated in the Page Corps, now official of the IRO in Schongau, and that the Baroness is his daughter Edith, who also lives in Schongau and works for IRO in Munich.) LATTEWITZ tried in very brusque fashion to recruit STEIN for the East, and STEIN refused and departed. (He was debriefed immediately afterwards by DELIUS.) In the afternoon, when STEIN went to the railroad station to take a train home, he ran into his own former messenger and orderly SCHUSTER, who was loitering there with a young prostitute, and STEIN thought that SCHUSTER was another check on him on this memorable day in Stuttgart.

7. It was not until this point in the game that DELIUS briefed STEIN to be more receptive on the next approach against him. STEIN admitted his readiness to make good his breach of the OB report prepared for INGER and promised to proceed in the affair to the limit, the only indication to date of STEIN's motivation. On 21 July, at six in the afternoon, a young boy on bicycle brought STEIN a message that a lady wanted to see him at a nearby swimming pool. STEIN went, and there was the Baroness, in bathing suit. She addressed STEIN as Major, apologized for the crude recruiting attempt in Stuttgart, and began herself to do a better job -- in which STEIN, too, was now more cooperative, so that the Baroness made considerable progress. She said to STEIN, finally, that he could meet a 'real officer', and made an appointment for 27 July, 1300 hours, at the Hotel Royal in Heilbronn, and since she could not say exactly who would come, she gave STEIN another torn paper totem. (OFFERING comment: the IRO tenacity in recruiting STEIN reflects the special qualifications he possesses as a tank specialist.)

8. On 27 July STEIN made the rendezvous, waited an hour in vain, and then, while strolling the streets was stopped by a well-dressed young man who asked for a light, who offered a cigarette from an opened package, on which the torn paper totem was lying. The man assumed military stance and introduced himself as "Captain" GLICHE, 1st Ordnance Officer in higher headquarters, reporting. GLICHE greeted STEIN in the name of his General and the Personnel Chef, who was supposed to come but who was hindered at the last moment. The two men walked to a cafe in the vicinity. GLICHE expressed his personal opinion that VIP STEIN would be used in a staff position or in training and planning, that he would soon be promoted from his present rank of Major, etc. STEIN listed ten conditions

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which would have to be fulfilled before he would accept, including permission to visit the West twice a year to see his father and his fiancée, or that they be permitted to visit him in the East. GLICHE wrote down all the points and asked STEIN to come again to the Hotel ROYAL on 1 August, 1300 hours, and added that after his conditions were agreed upon, he must reckon with a speedy call to service.

9. On 30 July (three days after the above meeting) GLICHE appeared at STEIN's home, but the latter was absent. GLICHE left behind two maps, of the Courland area, with the battle lines of 1944 pencilled on, and with the request that STEIN, who had been in that campaign, write a paper about the campaign as he knew it.

10. On 1 August, STEIN bicycled to Heilbronn, and in front of the Hotel Royal he spotted former 1st Lt ROTTER (ordnance officer of General KUNKE in 1944) whom he knew, but neither man gave any sign of recognition. STEIN entered the hotel dining room, and a waiter immediately came to him and asked him if he were STEIN; the waiter then stated that a man had looked for STEIN and wanted to see him at two o'clock at the Cafe Schmieg, which turned out to be the place where STEIN had been with GLICHE the week before. In the Cafe, STEIN found a man explaining Jehovah's Witnesses to the waitress. The man placed a pile of literature in front of STEIN, calling special attention to the periodical Der Wachtturm, inside of which lay the totem again! With contact established, the man introduced himself as HEINL, and stated he was the Personnel Chaf. HEINL agreed to the conditions stipulated by STEIN, except that STEIN could take his vacations only in the East, where he could always invite friends and relatives from the West; that financial assistance would be granted to STEIN's father's business; that he would receive special pay for his special qualifications; that he could send unlimited mail to relatives, but only via special channels. HEINL then gave STEIN, as secret emergency assistance in getting to the Bessone, the name and address, 'Karl WERNER, Stuttgart, Charlottenplatz 17'.

11. To find out about the IRO functionaries before leaving for the Bessone, STEIN went to Bavaria after the above interview. On 2 August, while taking a walk with his fiancée in Schongau, they ran across LATTEWITZ and the Baroness, who both looked shocked, smiled in silent greeting and passed by. The fiancée explained to STEIN that the couple were father and daughter, and that both worked for IRO. A moment later, LATTEWITZ called to the fiancée, and in conversation he offered her renewed a job in IRO (she had worked for them but had been discharged in a reduction of personnel), and asked if the young man with her were her fiancé, which she admitted. (The fiancée, who has practically been recruited by HEINL by this time, has gone back to work for IRO. After establishing herself in that organization again, she will be used to try to probe the roles of LATTEWITZ and daughter and any others who may be involved in the IIR recruiting program. On the other hand, of course, LATTEWITZ only hired her again as a control over STEIN.)

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12. On 5 August, at 1130 hours, a Mercedes (British Zone registration) pulled up at STEIN's home. This was the Frankfurt/Stuttgart KPD courier, who stated he had been told to drive STEIN to 'Charlottenplatz 17'. Since this was a familiar address (from HEIDL) STEIN readily agreed. Arrived, STEIN helped the courier unload the car and was then escorted upstairs to 'Landesleitung KPD Wuertemberg' and into WEBER's office. The reception was friendly, and WEBER handed STEIN a message, which looked like a teletype message, with the following text:

"The Inspector

"Major STEIN is to be informed immediately that his trip must be advanced. His call will follow, with message via Deutschlandsender.

"Signed, v. BREXER-WINIANY, Major General."

STEIN had to acknowledge receipt of the message in writing. WEBER then advised STEIN that if for some reason he could not travel via Stuttgart, he should proceed to Coburg, and there turn for assistance to one ALBERTI, former Grossdeutschland Division officer and now a grocer, who would arrange for STEIN's passage across the border. Once across, he must have the first available Volkspolizei officer telephone Walter BRUCKER, Hohen Neuendorf, Michenallee 39, to which address STEIN should also proceed. (BRUCKER, a Volkspolizei Major, was according to WEBER, also a Grossdeutschland veteran.) After the meeting with WEBER, the courier drove STEIN back home again.

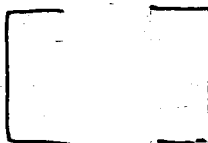
13. On 6 August STEIN went on a visit of several days to his fiancée, and on the 15th, (returning home from a meeting with DELIUS) STEIN was met on the road by WEBER, who was on a motorcycle, heading for STEIN's home to tell him that the date for his journey had been set. WEBER suggested STEIN accompany him to Stuttgart on the spot to discuss a few details. Hardly had they arrived there, at the KPD headquarters, than a police raid on the premises began (closing down the KPD newspaper, Volksstimme) and STEIN was smuggled out of the building through a rear, unguarded exit. STEIN was taken to a KPD safe house and fed and given a bed, and on the next day he returned home. His route of march to the Russone, as laid down by WEBER, was to be the following: to Coburg, then to nearby Neustadt, where in the monastery he would be turned over to a member of the SSD outpost Altenburg, who would take him through the forest to Probstzell, from there via car to Altenburg, then via car to Hohen Neuendorf near Berlin. STEIN would still be informed of the exact time of departure by a courier. Later, a courier informed him that he should leave home on 23 August, on the 0921 train from Jagstfeld, where he would already meet the SSD-Altenburg escort, Theodor FROCH, who would accompany him all the way. From Stuttgart the pair was to take the fast train (D 11) through Erf. STEIN would be told en route where to disembark and where cars would be waiting for him. (Comment: STEIN has subsequently made his trip into the Russone, with prior briefing by DELIUS. Detailed reports will follow separately on the person of STEIN, his motivation, his KPD, methods of communication with DELIUS, etc.)

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14. For full details on the above story, we urge a careful reading of the complete German report, attached. For the time being, we only want to add that STEIN has already been sent back from the Russians on a mission into the Anzone, and that while he was here he was seen again by DELIUS. At the moment, we do not know the nature of STEIN's mission, but DELIUS stated that STEIN already had a lot to relate. This report, when received, will presumably give us a fairly clear indication of the course this operation is going to take for the immediate future at least. We have also asked that a clear picture of STEIN's motivation be supplied, and DELIUS will give us the story of how he persuaded the militaristic and passionately nationalist STEIN that by going into the DEE he will best serve Western Germany's (and all Germany's) cause. We are also interested in the people outside the fraternity who know about the case: STEIN's father, we understand, only knows that his son has gone into the Russians, and that he is to forward letters from his son to an interested party; the fiancée is completely in on the case, and herself an agent now; the intermediary friend also knows the entire story. Identifications of these people will follow, upon receipt. We are wishing OFFSPRING, and ourselves, good luck.



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